

AUDIT COMMITTEE

DATE OF MEETING: 7 DECEMBER 2021

TITLE OF REPORT: CONSIDERATION OF ADDITIONAL AUDIT WORK - SHAPLEY HEATH GARDEN COMMUNITY PROJECT

Report of: Head of Corporate Services

Cabinet Member: Councillor James Radley, Finance and Corporate Services

1 PURPOSE OF REPORT

The purpose of this report is to recommend an extension of the current 2021/22 Internal Audit Plan to accommodate an audit of income, expenditure, and governance arrangements in place over the Shapley Heath Garden Community Project.

2 OFFICER RECOMMENDATION

That Members of the Committee approve an additional independent internal audit of up to 15 days procured by the Audit Manager based on the scope suggested in Section 4 of this report.

3 BACKGROUND

- 3.1 As detailed in the Audit Results report an objection has been received to the 2021/22 accounts by a member of the public. This objection raises concerns about budgeting and budget monitoring of the project. A member of the public asked the Chair of Audit Committee to consider an Internal Audit of the project and the Chair committed to bring this consideration to the next meeting of the Audit Committee.
- 3.2 On the 4th of November 2021, Cabinet approved the recommendation that the Shapley Heath Garden Community Project was concluded with immediate effect but that existing baseline studies and surveys proceed to completion and be published early in the new year.
- 3.3 Further questions were raised by a member of the public at the Council meeting on the 25th of November 2021, demonstrating that there remains a level of public concern around the project.
- 3.4 The current Internal Audit plan does not include any specific reviews of this project or provide any specific assurance around this project and therefore a review of this area would need to be in addition to the 2021-22 Internal Audit Plan.

4 POTENTIAL SCOPE OF THE REVIEW

- 4.1 The aim of internal audit's work is to provide independent assurance to management in relation to the business activities, systems, or processes under review that:
- The framework of internal control, risk management and governance are appropriate and operating effectively; and
 - The risk to the achievement of the Council's objectives is identified, assessed, and managed to a defined acceptable level.
- 4.2 It is therefore recommended that this review is carried out by an external organisation to Hart District Council. The project is complex and therefore assurance will need to be taken that the work is carried out by an auditor with the appropriate skills, knowledge, and experience.
- 4.3 It is recommended that scope should address the following risks (understanding that the length of the review is not unlimited).
- Assurance over the project management framework used.
 - Assurance over budgetary control and financial risks.
 - Assurance over the monitoring and reporting of financial information.
 - Assurance over compliance with contract procedure rules and contract management arrangements.
 - Assurance over the risk management framework including governance and transparency.
 - Assurance over information governance arrangements to include FOI, Transparency and GDPR

5 FINANCIAL IMPLICATIONS OF THE REVIEW

The cost of this additional review is anticipated to be approximately £12,000 and will be funded from Additional Burdens funding arising from the processing, reconciliation, and audit of business rate grants due to the impact that Business Grants has had on the 2021/22 capacity of the Internal Audit function.

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